SHRIMATI SYEDA ANWARA TAIMUR: Mr. Deputy Chairman, Sir, it is said that meeting of the MPs of the North-Eastern Region was held in the Chamber of the Minister and he gave commitment that in the Lokpriya Gopinath Bordoloi Guwahati Airport, a runway for international flights will be completed. But, till now, no work has been started. Will the Minister give specific assurance when the runway will be completed for international flights?

SHRI PRAFUL PATEL: Sir, the Guwahati Airport, is of course, the most important airport in the entire North-East. It is like a hub for the entire region and it is in the list of major airports which have to be taken up, in the first phase, for upgradation to international standards including extension of the runways, ultra-modern and passenger-friendly terminal building and better navigation equipment. Guwahati Airport does deserve that importance and we are fully aware of it and I can assure the hon. Member that her concerns will be addressed.

MR. DEPUTY CHAIRMAN: Next Question, Shri Abu Asim Azmi.

श्री रुद्रनारायण पाणि: सर, इस क्वैश्चन पर पूछना था।...(व्यवधान)

श्री उपसभापति: नहीं।...(व्यवधान)

श्री रुद्रनारायण पाणि: सर, हमें मौका मिलना चाहिए पूरे दिन हम बैठे रहते हैं। महत्वपूर्ण प्रश्न है।...(व्यवधान)

MR. DEPUTY CHAIRMAN: In the beginning itself, I said that I would give preference to the Members from North-East.

*122. *[The questioner (Shri Abu Asim Azmi) was absent. For answer vide page 25]*

Investment of pension funds in capital market

*123. SHRI A. VIJAYARAGHAVAN: Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal for investment of pension fund of Central Government employees in the capital market;

(b) if so, the details thereof including the present status of the above proposal;

(c) whether there is any proposal to allow Foreign Direct Investment and Private Fund Managers in the pension fund of Central Government employees; and

(d) *if so, the details and the present status of above proposal?*

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (d) A Statement is placed on the Table of the House.

Statement

(a) and (b) It is envisaged that, under the New Pension System, subscribers will have a choice of multiple investment options such as options A, B and C. Under option A there would be predominant investment in fixed income instruments and some investment in equity. Option B would imply greater investment in equity. Option C would imply almost equal investment in fixed income and equity. Investment guidelines would be framed by the regulator through regulations under the proposed Pension Fund Regulatory and Development Authority (PFRDA) Bill, 2005. The Standing Committee on Finance, which presented its report on the PFRDA Bill on 26th July 2005, have recommended, making available to the subscribers, an option of 100% investment of pension funds in Government securities. Government had earlier indicated to the Standing Committee that an option for investing wholly in debt instruments would be considered favourably by the Government. The other recommendations of the report of the Committee are also being examined in the Ministry of Finance.

(c) and (d) It is proposed to open up pension funds to competing operators, including public sector fund managers and some private sector fund managers. All such pension funds would be registered with and regulated by the Pension Fund Regulatory and Development Authourity. No decision has yet been taken regarding foreign equity participation in the pension sector. The recommendation of the Standing Committee on Finance on these issues are being examined.

SHRI A. VIJAYARAGHAVAN: Sir, through you, I would like to ask a question of the hon. Minister relating to an issue of millions of workers. Now they are going to be in a disastrous condition in their old age. So, naturally, big hue and cry was there throughout the country. There was anguish and concern about the proposed Bill. Sir, the Minister was mentioning about the Standing Committee Report and there is a dissenting

note also in the Standing Committee. So, I would like to know from the Minister whether he would consider a few points raised in dissenting note also to be a part of the Standing Committee Report.

SHRI P. CHIDAMBARAM: Yes, Sir.

SHRI A. VIJAYARAGHAVAN: I am very much thankful to the hon. Minister.

MR. DEPUTY CHAIRMAN: We can complete all the questions if this ...*(Interruptions)*

SHRI A. VIJAYARAGHAVAN: Since the time economic reforms are going on in our country, an image has been created that this is totally against the interest of the poorer sections of our society. As far as this particular Bill and the proposals contained in it are concerned, some of the aspects are just against the fundamental rights. The pension, which is a fundamental right of the labour, is not properly saved through this Bill. Apprehensions are there, and we have the experience of the previous Government which imposed this economic reforms process in a rude way and the people rejected that Government. So, naturally, with regard ...*(Interruptions)*. That is a reality. That is why they are sitting there ...*(Interruptions)*.

MR. DEPUTY CHAIRMAN: Please ...*(Interruptions)*.

SHRI BALBIR K. PUNJ: Sir, is he asking question or giving judgement on the previous Government. *(Interruptions)*

MR. DEPUTY CHAIRMAN: Please put the question. ...*(Interruptions)*

SHRI A. VIJAYARAGHAVAN: Sir, I am putting the question. Now there are apprehensions; there is a hue and cry. The workers are totally against it. More discussion is needed on this issue. So, I would request the Minister to withdraw it, and, before pushing the Bill forward, have more consultations so that this apprehension could be resolved. The Government should not impose it on the poor man of the society.

SHRI P. CHIDAMBARAM: Sir, you are aware that no law can be imposed on Parliament; no law can be imposed on the people. Parliament has to pass the law. There has been, I believe, a full discussion in the Standing Committee, there will be a full discussion both in the Lok Sabha and this

House. Of course, I would also hold discussions outside the House and every point of view will be considered.

SHRI YASHWANT SINHA: Sir, the Minister has mentioned in his reply that the Standing Committee has given its Report to the Parliament on the 26th of July. This Session is going to go on till 26th of August. What I would like to know from the hon. Minister is: Whether the kind of consultation that he just mentioned in this House will be over in order to enable him to bring this Bill for the consideration of Parliament within this Session or not.

SHRI P. CHIDAMBARAM: Sir, may I quote a portion of the Standing Committee's Report subscribed to by the majority. "The Committee having considered the diverse views expressed and the clarifications given by the Ministry of Finance are of the opinion that the reform process in the pension sector involving the setting up of PFRDA as a statutory regulatory body for managing the NPS is an urgent necessity, mainly on account of burgeoning fiscal streass of pension payments on the Central and State Governments. and, a need to provide a viable alternative to the populace at large to save for old age income security." Mindful of this recommendation, I shall do my best, but I cannot give a deadline for the Parliament.

SHRI MURLI DEORA: Sir, it is the responsibility of the Government to provide guaranteed returns, safety and security of the investments made by the pensions. The Standing Committee has already cleared this. I would like to ask the hon. Minister as to how the new Bill will affect the finances of the various States?

SHRI P. CHIDAMBARAM: Sir, after the new pension system was introduced in the Government of India with effect from 1st January, 2004, about 9 or 10 States have voluntarily opted for the new pension system. I assume that the States have carefully considered the financial implications of the new pension system, the advantages of the new system over the old system, and have voluntarily opted for the new pension system. I am sure the States are guarding their own interest. I tend to take the view that in the long run, the new pension system will safeguard the interests of State finances far better than the old pension system. This is the view of the majority. There is, of course, another view of the minority. Both views will be considered.

SHRI MANOJ BHATTACHARYA: Sir, in reply to part (c) and (d) of the question, he has kindly mentioned that it is proposed to open up pension funds to competing operators, including public sector fund managers and some private second fund managers. My question emanates from this. Whether the hon. Minister is confident enough that the money will not be swindled in the secondary market and the entire welfare measures will not hit. With our past experience, I am of the opinion that this is a very risky market, very dicey market, and, there is every possibility that the money may be swindled away and then the hon. Minister will be simply helpless ...*(Interruptions)*...

MR. DEPUTY CHAIRMAN: Please put the question.

SHRI MANOJ BHATTACHARYA: Sir, I have another question. In part (b) of the question, it is stated that no decision has been taken regarding foreign equity participation. According to me, this is another dicey area. Whether the decision will be taken in favour of the foreign equity participation, or, the decision will be otherwise. Would the hon. Finance Minister kindly clarify this?

SHRI P. CHIDAMBARAM: Sir, I may say, with great respect, some of these apprehensions are misplaced. Today, insurance funds, collected as premium, paid by the insured, are invested according to well-regulated prudential norms, and there is an Insurance Regulatory Development Authority which regulates investments made by the insurance companies, both public sector and private sector. Likewise, pension funds will be invested by the Pension Fund Managers, strictly in accordance with the prudential and regulatory norms laid down by the PFRDA. The idea of setting up a PFRDA is to ensure that there is a regulated regime under which these Managers can function. In my view, the first Pension Fund Managers will be form the public sector. These are very competent public sector Fund Managers, and, in my view—although this is for the PFRDA to finally decide-the most likely candidates for the first Fund Managers will come from the public sector.

As regards the second part of the question whether we will allow Foreign Direct Investment, I have before me the recommendations of the Standing Committee, which has said that the proportion of Foreign Direct Investment, that may be allowed in the pension fund sector, should be the same as in the insurance sector. That recommendation will be carefully considered.